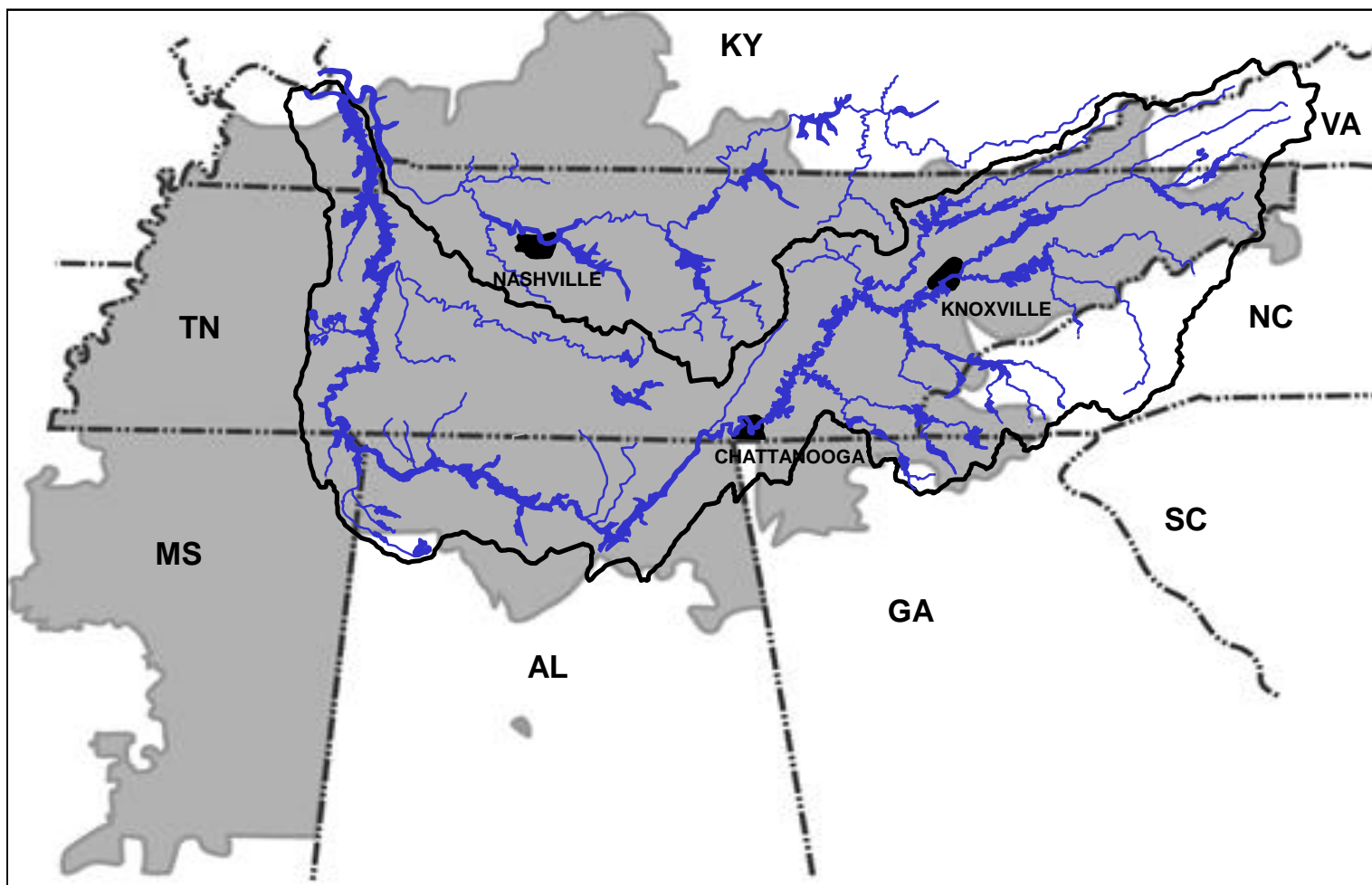


Tennessee Valley Public Power Association:

- Non-profit regional service organization
- Members are the 154 electric utilities who purchase wholesale electric power from TVA
 - 105 municipal utilities
 - 49 electric cooperatives
- 9 million customers over a seven state region
- TVA system maximum peak load > 33,000 MW

TVA Power Service Area



Cumberland Hydropower System

- System Capacity 880 MW
 - This amount is currently reduced due to ongoing dam safety work at Center Hill dam
- System average annual energy – 3200 MWH
- Two separate groups of customers
 - TVA supplied customers
 - Other customers

Primary Cumberland System Issues

- Available capacity is diminishing
- Overall, economics of Cumberland River hydropower is marginal at best

Available Capacity is Diminishing

- Dam safety work at Wolf Creek and Center Hill
- Forced outages
- Planned outages
- Rehabilitation program outages
- Reductions due to water quality issues

Factors Negatively Affecting Economics of Cumberland River Hydropower

- Dam safety costs (Wolf Creek and Center Hill)
- Rehabilitation program costs
- Revenue reduction due to outages
- Revenue reduction due to losses associated with water quality issues

Cooperative Efforts to Address Issues

- Outage scheduling
- Determination of Wolf Creek and Center Hill dam safety work as “dam safety”
- Options to address water quality issues are being evaluated
- Rehabilitation program
 - Accomplish work on budget and schedule
 - Improvements in Corps processes and procedures
 - Master Plan developed
 - Comprehensive rehabilitation report prepared for each plant
 - Periodic reporting during project implementation